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# BUILDING A MAIL-ORDER BUSINESS

By WALTER N. WHITNEY

*MODERN BUSINESS*
LECTURE No. 12

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# Building a Mail Order Business

By
WALTER N. WHITNEY
Merrell-Soule & Co.
Syracuse, N. Y.

One of a Series of Modern Business Lectures
Especially Prepared for the
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WALTER N. WHITNEY

## WALTER N. WHITNEY

Born in Elmira, N. Y. and educated in the Public Schools of Buffalo, N. Y., Mr. Whitney began his business career in the Central Railway Clearing House. Three years later he entered the service of Larkin Company, the well-known Buffalo mail-order house, where his first duties consisted in conducting visitors thru the various departments of that establishment.

Subsequently Mr. Whitney found his sphere in the advertising and selling departments, working his way thru the various branches. In 1916 he originated and conducted an advertising and selling campaign that is said to have been one of the most successful campaigns in the history of Larkin Company. More than $3,000,000 worth of business was credited to that campaign.

Early in 1919, Mr. Whitney severed his connection with the Larkin Company. He is now associated with the mail-order work of Merrell-Soule & Co., manufacturers of food products at Syracuse, N. Y.

NOTE:—This Lecture, which is based upon the author's ripe experience in his special field, should be read in the light of the Modern Business Text, and should be studied as an authoritative message from the field of present-day business activity.

# Building a Mail-Order Business

*By*

WALTER N. WHITNEY

Thirty years ago the few who engaged in the mail-order business were held up to ridicule by those who conducted business thru the regular channels of retail store selling. The idea that people would buy goods they had not seen was scoffed at by the average storekeeper.

It is not much more than a dozen years ago since the mail-order business began to establish itself fully in the confidence of the people generally. A point has now been reached, however, where those who formerly ridiculed the mail-order business as a channel of distribution appear to have become alarmed about their own existence and are attempting to keep mail order competition out of their territory either by closing all avenues of advertising or by securing legislation antagonistic to the mail-order houses.

Altho today some $600,000,000 worth of merchandise a year is being sold by mail direct to the consumer, it is nevertheless an assured fact that the mail-order house will never supplant the local retail store. On the other hand, neither will the retailer be able to keep out the mail-order house. Both are necessary links in modern merchandising.

Only the merchant who permits himself to fall behind the times has any cause to fear the mail-order house. Such a merchant is always among the least successful of his kind, and it is from this class that the largest percentage of business failures are recorded.

There was a time when the retail merchants in the smaller towns banded themselves together to fight this so-called insidious leech on the body commercial but the wide-awake merchant of today is realizing that the one way to fight the mail-order house is to render better service than it can render. And in this respect the mail-order house cannot hope to compete with the local retailer.

Sometimes, however, the latter goes about defeating his competitor, the mail-order house, in a manner somewhat more dramatic tho generally less successful. In one instance a merchant conceived the idea of offering prizes to ladies who brought in thé largest quantity of mail-order catalogues according to weight. But as might have been expected this only served to draw increased attention to the mail-order houses and to that method of shopping.

### Two Classes of Mail-order Houses

The mail-order business may be divided into two general classes. The first class is the general mail-order business, comparable in a general way to the large department stores, altho the general mail-order house has more departments than even the largest department store. The second class is a specialty

division which may be compared to the specialized retail store. In the former field stands the largest house in the mail-order world—a Chicago house whose business success is one of the greatest merchandising feats of this century. In a recent year the business of that house reached a total volume of more than $130,000,000 and there is every prospect of a still larger growth.

It affords some idea of the size of that business to be told that it issues some 50,000,000 catalogs of all kinds each year and that for this purpose nearly 30,000 tons of paper are used. Its daily consumption of ink is 3½ tons. At present the company is taking the output of more than sixty different factories. In Chicago alone it employs more than 12,000 persons and more than 16,000 elsewhere.

Four fundamental factors enter into the success of this house:

Strategic point of distribution
Quality of merchandise
Price
Service

Chicago, with its wonderful network of railways and its millions of population from which employes may be obtained, is the center of a great district of small towns and rural communities, and therefore an admirable point from which to do a general merchandising business.

In this house, as in others of its class, the quality of merchandise handled is always exactly as represented. Long ago the mail-order house realized that

it cannot misrepresent its goods and "get away with it." Thru the services of highly skilled buyers, the company purchases goods at prices that are made possible only thru the keenest competition of manufacturers for the tremendous volume of its purchases. With such a volume of business, the profit margins may be made low, and with overhead expenses at a minimum, it becomes possible to fix a price that is lower than that which the average retailer can offer.

The attitude of this house toward the buying public is well represented in the slogan: "The customer is always right in every transaction." A liberal guarantee accompanies every sale and assures customers of the responsibility of the house, so that they do not hesitate to order goods from its catalog.

The mail-order business was built up chiefly by the patronage of farmers, but it has gradually entered the community centers as well. The great middle class in the small and larger cities were found to be subject to the same appeal as the farmer, hence the growth of the mail-order business in those communities.

It is not without significance that the United States Government is availing itself of the ability of a prominent mail-order man in the purchase of supplies in connection with the war. As member of the Advisory Board of the Council of National Defense in charge of supplies, Mr. Julius Rosenwald, head of the mail-order house of Sears Roebuck & Company of Chicago, is charged with the purchase of vast

quantities of supplies. Serving with him are some of the keenest buyers in the country, more than half of whom are mail-order men.

### Two Great Mail-order Campaigns

During the last few years two very important mail-order campaigns have been conducted, the result of which has been the development of increased prestige for the mail-order house in the larger cities of the country. The first was the remarkable Encyclopedia Britannica advertising which probably has given that work more prestige with the thinking men of this country than would have been possible by any other method. This advertising has opened the way for a new mail-order product, viz., high-class books.

The second campaign was the entering wedge of what might be called a specialty field of women's wearing apparel which formerly has been almost exclusively in the hands of the New York houses. What woman who is interested at all in style has not heard of Lucile and her Fifth Avenue shop? Thru a western mail-order house Lady Duff Gordon, as she is properly known, is offering at prices within the reach of all, her creations of exclusive designs that retail from her Paris or New York establishments at what by comparison are fabulous sums. For years this woman has had feature articles in Sunday Supplements and the Motion Pictures have shown her styles until she has become a recognized authority in every town, large or small. The western mail-

order house by this master stroke is not only educating the small-town woman in the matter of fashions, but is developing a prestige for its entire business.

The grocery business is another interesting division of the mail-order field. In that department alone more than $14,000,000 worth of business was handled in a recent year by the Chicago house and this merchandising is by no means confined to the small cities.

It should be noted in passing that to start a general mail-order business upon a national scale requires almost unlimited capital and the courage to spend, year after year, a great deal of money without realizing more than mere operating expenses.

The second general class of the mail-order business is the specialty division in which today there is more of an opportunity to embark in a smaller way. Those engaged in this division may be likened to the specialized retail stores, altho some houses in this division cover a somewhat wider field. In this class must be included houses like Larkin Company owing to its merchandising methods, altho one can usually find in its catalog as complete a line as is found in any department store.

In this classification belong also the great credit houses of Chicago and Pittsburgh who, by means of advertising their "$1.00 down and 50 cents a week" offers have induced large numbers of persons to choose that usually expensive method of furnishing a home. It is encouraging to note, however, that altho the mail-order instalment method of doing business is

by no means diminishing, the houses engaged therein are handling better merchandise than formerly and the customer is also being served in a much better and fairer manner.

### New York a Women's Apparel Center

The greatest specialized mail-order business is that of women's wearing apparel, and since New York is the center of fashion for the United States, it is but natural that the largest houses in that line should be located there. The National Cloak and Suit Company is generally regarded as the Sears, Roebuck Company of the wearing apparel field. The wearing apparel catalog published by that company is a work of art. An excellent service, coupled with a liberal guarantee, has been instrumental in developing the business to a marked extent.

While it is true that the majority of reputable mail-order wearing apparel companies are located in New York city, there are also several in Chicago, tho of the latter none has attained the same measure of success as the New York stores. Evidently, even the smaller towns regard New York as authority on style. The importance of this prestige must not be underestimated. A case in point is that the Larkin Company located at Buffalo, failed to interest their own customers in some special wearing apparel which was the equal in price, style and quality of any sold by the New York firms. Sears, Roebuck Company evidently understand this prestige of New York,

for in developing their wearing apparel line they have used an advertised New York modiste to do it.

A recent addition to the general mail-order houses has taken advantage of its New York location and is directing its general publicity advertising along wearing apparel lines. It is generally understood that this firm which during the past several years has spent large sums in publicity, has yet to show any figures on the right-hand side of the ledger, altho its volume of business is reaching into the tens of millions.

The wearing apparel business is probably more generally known to the public than any other by reason of its vast amount of advertising carried by the great standard magazines. This business is also one of the most intensely developed lines. It is significant in this connection that most of these wearing apparel houses have found it unprofitable to answer inquiries from the large cities. However, the movement started by the Lady Duff Gordon Style Book will probably open the cities to other mail-order houses.

### Selling Farm Implements by Mail

From wearing apparel to farm implements and carriages appears to be a big jump, but in reality it is merely a step from the feminine side of the house to the masculine. It was in this field that the mail-order business received its first real impetus. Formerly the farmer was always limited in his choice to the few samples in the general store or to the agent's

general catalog. Now he may peruse at leisure the mail-order house catalog with photographic reproductions of the goods themselves and with full and accurate descriptions of the articles written by specially trained salesmen and backed by an absolute guarantee of ultimate satisfaction.

In this branch of mail-order business the personality of the dealer is generally featured. Letters are generally written in the first person and signed by the owner. They are often masterpieces of the salesman's art, the copy aiming to instill in the prospective customer assurance of full satisfaction with the goods. An example of this kind is the campaign conducted by Galloway of Waterloo, Iowa—"the man who cuts the melon with his customers." "Bill" as he genially wishes to be called, has succeeded in injecting into his copy the idea that he personally stands behind every purchase of his goods, and it is seldom that a customer of his goes thru or near Waterloo without paying him a visit.

It is almost self-evident that farming machinery can be sold direct to the customer on a much smaller margin of profit than if it were sold thru the general store or the special agent. The business of selling such goods by mail has reached great magnitude and is still growing.

To emphasize his slogan, "The Man who Cuts the Melon with his Customers," "Bill" Galloway has for years had a big tent at the Iowa State Fairs where he greets personally all who visit him and where, in the extreme heat of early September, he

cuts a large fresh watermelon with his customers. Of course, in connection with his watermelon party he has an elaborate exhibit of the goods he sells.

### Ordering Your House by Mail

One of the more recent developments of the mail-order business is the selling by mail of complete plans, specifications and materials for the building of a house. The firms engaged in this line of business find their customers both in cities and in hamlets. That such firms are prospering reflects the great confidence that the people at large are having in mail-order advertising. A great deal of credit for this belief is undoubtedly due to the advertisers themselves, but it should not be forgotten that the guarantee that is behind the editorial policy of reputable magazines and the strict accountability to which all who use Uncle Sam's mails are held, has had much to do with the success achieved in the mail-order field. Moreover, few mail-order houses ever succeeded in "putting over" anything on their customers more than once. To do business successfully in the mail-order field, everything sold must be guaranteed and this guarantee must contain an offer to accept back at full refund value any goods that prove unsatisfactory to the purchaser.

Of course there have been and there probably always will be, those fly-by-night houses whose fraudulent methods, in the eyes of many, discredit the whole mail-order business.

We are likely to forget, however, that in the retail

store, which has always been with us, unscrupulous practices are indulged in to a much greater extent than in the mail-order field. It is probably safe to say that long before the retail trade has purged itself of dishonest dealings, the mail-order business will be entirely free from taint of that kind. That is simply because Uncle Sam has so carefully drafted his rules and regulations—many of them at the request of the retailers—that no mail-order house can do business unless it possesses the fundamental principles of all business success, namely honesty.

### The "Kalamazoo Direct to You"

The stove business, as one would think, one of the most difficult fields because of its long established connection with the retail trade, has been developed to a remarkable extent by one firm. What person, if he is interested at all in advertising, has not seen the slogan, "A Kalamazoo direct to you?"

Tho the business of that concern is technical to a large extent, it has had the personality of its president so injected into every department that its sales and advertising literature breathes confidence in every word.

An unusual case of local dealer antagonism occurred in a certain town in Indiana where the stove company was conducting an advertising campaign. The town authorities refused to permit the distribution of its circulars, the newspapers refused to print its ads and it became necessary to buy the billboards outright in order to get into town at all. But that

was enough, and the mail-order stove business received a splendid boost from this antagonism, because the billboards told the story and the people's love of fair play won the day for the stove company.

Larkin Company has on several occasions met the same kind of antagonism, only to find after the opposition had spent itself that its business had increased. At one place the company was exhibiting in the Armory when thru local influence the Attorney-General of the State ordered it to leave and threatened, if necessary, to call out a company from the National Guard to effect the order. The Larkin company, however, had rented the Armory in compliance with legal requirements, and the threat did not worry it in the least. The only point of worry was how to handle the crowds that came to see what sort of exhibit had so aroused the ire of the Attorney-General and the local merchants. It proved to be a piece of profitable advertising.

On a similar occasion certain retailers held a counter exhibit across the street displaying some mail-order pieces that had been carelessly handled. Local mail-order customers, however, were quick to recognize the unfairness of the "exhibit" and to brand it accordingly. The plan worked to the disadvantage of its originators.

One of the most remarkable mail-order developments in the last few years is the selling of jewelry by mail. Obviously, it is necessary for such a business to establish perfect confidence in its integrity before it can expect to do any business.

Diamonds and other precious stones are sold in large quantities thru several of the large New England mail-order jewelry houses, and the customer can buy of them with as much confidence as if he were buying of his local dealer.

As a sample of the guarantee which nearly all mail-order houses now are giving, the following from Sears, Roebuck and Company may be cited:

> We guarantee that each and every article in this catalog is exactly as described and illustrated. We guarantee that any article purchased from us will satisfy you perfectly; that it will give the service you have a right to expect; that it represents full value for the price you pay. If for any reason whatever you are dissatisfied with any article purchased from us, we expect you to return it at our expense. We will then exchange for exactly what you want or will return your money, including any transportation charges you have paid.

One of the first lines of business to develop a mail-order field was that of children's garments. Altho this line includes garments for children from their birth until they are ten or twelve years old, the advertising is usually capitalized for future sales. Where there is a child there must be a home, hence there are many other possible opportunities for trade with the same customer.

### "Breaking Into" the Mail-order Field

Many persons, dazzled by the wonderful success of the big mail-order houses, have been longing to enter the mail-order field. There are persons and firms looking for just such people. Under a caption

inviting the readers to start a Mail-Order Business of their own they entice the unwary without equipment, capital or experience to attempt starting a business that needs all three. Uncle Sam has put more than one such concern out of business.

In starting a mail-order business, the field must be carefully worked over and a line chosen in which you can offer either a distinctive class of merchandise or merchandise at a price that is lower than that at which the local retailer can afford to sell it.

It is commonly asserted by economists and others that we are living in an age of unjust price manipulation. An ex-president known for his directness of speech, has said: "Middlemen are responsible for the high cost of living. Legislation should be enacted to prevent them from robbing the people."

Whether or not one agrees with this statement, it must be admitted that the shortest distance between two points is a straight line, and that if certain products can be conveniently sold direct from manufacturer to consumer, they are being sold at the lowest possible expense. Larkin Company's products are for the most part manufactured by it and are sold at usual retail prices, the middleman's profit being turned over to customers in the form of a premium of their own choosing.

The general impression of those who have not investigated the merchandise carried by mail-order houses is that the merchandise is frequently not of the highest standard. Such is not usually the case. The mail-order house doing a national business

must have its products conform to the laws of all the states. This insures the most stringent rules and regulations and the tests of materials and goods are far more severe and rigid than in the case of the average local business.

In the case of Larkin Company, the same care is observed as to quality and value of premiums. Many nationally advertised lines are found among the company's stocks altho their names, on account of their retail associations, are seldom featured. The inspection of goods manufactured for the company is as severe and as accurate as tests conducted by the United States Government. One laboratory is devoted entirely to research work and to testing of materials. Close cooperation with the manufacturer enables the company to develop the highest quality on the most economical basis possible.

The Larkin Company's guarantee is as broad as any and includes a 30-day clause which permits the return of the goods within that time if found unsatisfactory. The slogan, "The customer is always right," governs almost every transaction and has built up a good-will that is the company's greatest asset.

### Salesmanship on Paper

In building a mail-order business one merely applies to the written message, the selling tactics of the successful salesman. Frequently a salesman when he has failed to make a sale shakes hands with his prospective customer, starts to leave the store, then

suddenly drops his grip, turns around and says, "I know I have failed to sell you, but if I don't find out the reason I will lose out with the next fellow." Under such circumstances the merchant, appreciating the thoroness of the salesman's methods, is likely to tell him frankly his objections. This, of course, opens the way for a new line of argument to overcome the objections, and frequently the salesman, before leaving, has the merchant's order. The same principle may be applied to the mail-order customer. The great thing is to get the customer's point of view, and if this is done it will frequently be found that many will respond with orders who at first looked to be anything but good prospects.

The mail-order business, if it is planned on a national scale, has the advantage that it is not seriously affected by local disturbances. A coal strike in Pennsylvania may mean loss of some business in a part of that State, but the advertising appropriation that would ordinarily be used there may be thrown into a locality where business is in a good condition, so that the gain there will often offset the loss in the other place. Nothing short of a national business depression can affect a mail-order business that has been established on correct principles.

### The Magic of Good Letters

Obviously, one of the most important factors of success in the development of the mail-order business is the art of letter writing. It is by this instrumentality that the individual sale is made or lost. Many

articles and even books have been written on this phase of the mail-order business, many of which are well worth studying, but one of the most important rules in mail-order letter writing is: "Never argue with a customer." To do so does not pay, and nothing is ever gained thereby.

In a business such as that of Larkin Company which deals almost entirely with women, both letters and advertising must be plain and easily understood, not technical or the kind that is frequently used to influence men. Many excellent women have whims, and mail-order correspondents must remember that to its possessor a whim is very often just as serious as a sober reality. A woman in North Carolina recently ordered by mail three small pieces of furniture. When they arrived she wrote the house saying she did not like them. When asked why she did not like them she merely said: "Just because I don't like them." To her, that was sufficient reason and it had to be sufficient also to the house that guaranteed satisfaction.

In every large mail-order business there are many complaints to be adjusted. In answering these complaints, no better advice can be given than to heed the words of Solomon, "A soft answer turneth away wrath but grievous words stir up anger."

The good correspondent who writes letters in answer to complaints, does his work with enthusiasm, altho there probably is no form of correspondence in which there is greater temptation to answer in an irrascible way or to fall into dreary

routine. Complaints come from school children who have canvassed the neighborhood and secured a $10 order, from nervous old ladies, from self-centered and pompous men who occasionally feel called upon to tell the house how to run its business. They also come from regular customers who send orders monthly and who, if the railroad company delays a shipment, blame the mail-order house. One woman complained to Larkin Company that her orders were not receiving nearly so good attention since Mr. Larkin passed away. (Mr. Larkin, Sr. is still the active head of the business.)

There is, moreover, a comparatively large number of persons who have the idea that it pays to be a "kicker." As one woman expresses it, in apologizing for a somewhat peppery letter: "Sorry I wrote as I did, but the goods were so long in coming that I thought I'd write and scare you up a little." Pathetic touches are sometimes lent to letters from customers, as in the case of a woman who wrote: "I have been sending you orders for twelve years. My husband died and I was left with three children and nothing with which to do for them except my hands. I have furnished my home entirely with Larkin premiums and kept my family together until now they are grown up."

Not infrequently life-long friendships are formed thru the correspondence with customers. So important is this feature that in the case of Larkin Company, one man, who has a national reputation for letter-writing, devotes most of his time to criticiz-

ing the work of correspondents. His criticisms are brought out in bulletin form and discussed in the assembly room. In that way it has been possible to standardize letters to a great extent without sacrificing the personality of the correspondent.

The mail-order field today offers great opportunities but no man or firm should attempt to engage in it without having a thoro organization. With the wealth of available information on the subject, no one today need make the mistakes that have marked the stepping stones in the careers of the successful firms and the tombstones in the cases of those less fortunate.

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